



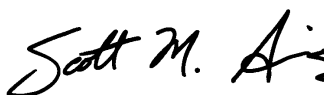
Office of Thrift Supervision
Department of the Treasury

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Managing Director

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September 14, 2001

MEMORANDUM FOR: **CHIEF EXECUTIVE OFFICERS**

FROM: Scott M. Albinson 

SUBJECT: Balance Sheet Growth after Terrorist Attacks

OTS and the other Federal Banking Agencies today released the attached joint interagency statement about balance sheet growth at thrifts and banks after the tragic events of September 11. You can also find the interagency statement on the OTS website at www.ots.treas.gov.

Thrift institutions should prepare for the possible effects of balance sheet growth. Temporary balance sheet growth could occur if, for example, borrowers make unusual draws on their existing lines of credit or request new lines, or if a thrift institution were to receive unusually large deposit inflows.

Some thrift institutions may also experience a temporary decline in their regulatory capital ratios as they respond to their customers' needs during this period. If you anticipate this situation to arise, you should contact your OTS regional office.

Office of Thrift Supervision

FOR RELEASE at 12:30 P.M. EDT

For further information

Friday, September 14, 2001

Contact: Sam Eskenazi

OTS 01-62

202/906-6677

Joint Interagency Statement

**Board of Governors of the Federal Reserve System
Federal Deposit Insurance Corporation
Office of the Comptroller of the Currency
Office of Thrift Supervision**

FOR IMMEDIATE RELEASE

September 14, 2001

Market responses in the aftermath of the tragic events of September 11 could lead to temporary balance sheet growth at some banking organizations, including thrifts. This growth could occur if, for example, during this period corporate borrowers make unusual draws on their existing lines of credit or request new lines in response to a perceived need for extra liquidity, or if a banking organization were to receive unusually large deposit inflows. Absent other factors, increases in extensions of credit or large deposit inflows would likely result in an increase in total assets.

Banking organizations should prepare for the possible effects on their balance sheets that may occur due to significantly increased lending or deposit inflows. Some organizations that experience significant asset growth may also experience a temporary decline in their regulatory capital ratios as a result of responding to customers' needs over this period. If an organization believes such a situation could arise, management is urged to contact its primary supervisor to discuss how to address it in light of the institution's overall financial condition.

Any questions on this statement should be directed to the banking organization's primary supervisor.

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The Office of Thrift Supervision (OTS), a bureau of the U.S. Treasury, regulates and supervises the nation's thrift industry. OTS's mission is to ensure the safety and soundness of thrift institutions and to support their role as home mortgage lenders and providers of other community credit and financial services. For copies of news releases or other documents visit the OTS web page at www.ots.treas.gov.
